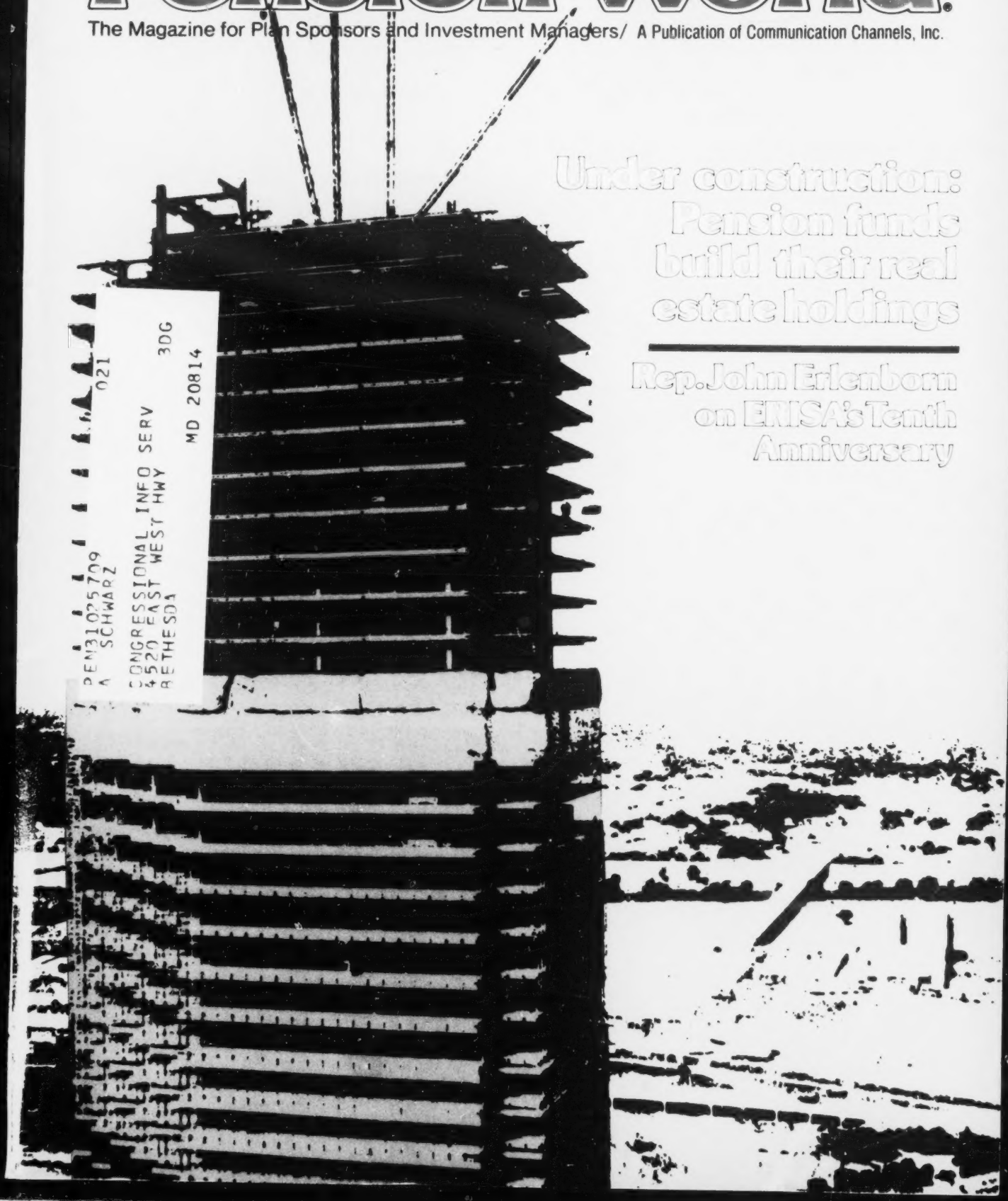
SEPTEMBER 1984

Pension World

The Magazine for Plan Sponsors and Investment Managers/ A Publication of Communication Channels, Inc.

Under construction: Pension funds build their real estate holdings

Rep. John Erlenborn on ERISA's Tenth Anniversary



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Pension World

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Cover: This special issue of *Pension World* examines the current status of real estate investing by pension funds. In addition, we look at ERISA as it celebrates its tenth anniversary.

Pension World is published monthly by Communication Channels, Inc., Tim Gold Blyth, Chairman of the Board; B.J. Kotsher, President; Scott Smith, Secretary; John Moebius, Treasurer. Editorial and advertising offices at 6255 Barfield Road, Atlanta, GA 30328. Telephone (404) 256-9800. Telex 4611075COMCHANI. *Pension World* is a registered trademark of Communication Channels, Inc. © 1984 by Communication Channels, Inc. Second class postage paid at Atlanta, GA, and at additional mailing offices. Subscription rates: U.S.A., 1 year, $38; 2 years, $63; Canada and Mexico, 1 year, $41; Foreign Sea Mail, 1 year, $48; Foreign Air Mail, 1 year, $78. Single copies, $3.50. Group rates available. The opinions expressed by authors and contributors to *Pension World* are not necessarily those of the editors or publisher. Articles appearing in *Pension World* may not be reproduced in whole or in part without the express permission of the publisher. Microfilm copies of *Pension World* are available from University Microfilms, 300 North Zeeb Road, Ann Arbor, MI 48106. Postmaster: Please send form 3579 to Circulation Department, *Pension World*, 6255 Barfield Road, Atlanta, GA 30328.

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Real estate investing by pension funds—1984

Corporate and public pension sponsors added approximately $7.2 billion in real estate equities to their portfolios during the past 12 months. During the next three years, they are planning to add an additional $18 billion to $20 billion in real estate equity. In total, corporate and public plans currently own about $29 billion in real estate equities, which represents nearly four percent of their total pension fund assets.

These are the major findings of the eighth annual Real Estate Investing by Pension Funds survey conducted by Money Market Directories, Inc., during May 1984. Real estate investing questionnaires were mailed to 1400 senior investment officers of corporate and public pension funds representing approximately $780 billion in assets. This group comprises 78 percent of total pension assets. Two hundred and seventy-nine questionnaires were returned for a response rate of 20 percent. These 279 respondents have $201 billion in pension assets or 26 percent of the total assets among the largest 1400 funds.

Summarized below are the most significant findings of the 1981, 1982, 1983 and 1984 survey results.

Anticipated Purchases During Next Three Years	**1981**	**1982**	**1983**	**1984**
Number of funds planning purchases	122	140	63	91
Percentage planning purchases	55%	54%	25%	33%
Total portfolio assets of purchasers	$42 bil.	$103 bil.	$ 75 bil.	$135 bil.
Total real estate to be purchased	3.2 bil.	6.5 bil.	3.3 bil.	4.8 bil.
Commingled real estate	1.6 bil.	1.9 bil.	1.1 bil.	1.3 bil.
Direct real estate ownership	1.6 bil.	4.6 bil.	2.2 bil.	3.5 bil.
Real estate future purchases as a percent of portfolio assets	7.6%	6.3%	4.4%	3.5%
Average real estate commitment per fund	$26 mil.	$ 46 mil.	$ 52 mil.	$ 62 mil.
Current Ownership	**1981**	**1982**	**1983**	**1984**
Number of respondents	205	258	248	279
Number of funds owning real estate	90	120	123	132
Percentage owning real estate	44%	47%	50%	47%
Total portfolio assets of real estate owners	$40 bil.	$ 68 bil.	$101 bil.	$140 bil.
Total real estate owned	2.3 bil.	4.4 bil.	5.4 bil.	7.2 bil.
Commingled real estate	1.6 bil.	2.7 bil.	2.7 bil.	4 bil.
Direct real estate ownership	.7 bil.	1.7 bil.	2.7 bil.	3.2 bil.
Real estate as a percent of portfolio assets	5.8%	6.5%	5.3%	5.1%
Average real estate investment per fund	$25 mil.	$ 37 mil.	$ 44 mil.	$ 55 mil.

The pace of real estate investing by pension funds increased during the past twelve months to an amount double that of a year ago — $7.2 billion vs. $4 billion.

In last year's survey we explained the lowered real estate investing intentions of pension funds while maintaining that it would be a short term down trend. We said:

> While the anticipated pension fund commitment to real estate equity is significantly lower in this year's survey, it appears to be the result of pension officers attempting to maximize the current investment return by increasing their financial equity commitments at a time when they believe that financial equities will out perform real estate equities. It does not signal a fundamental change in the established trend of expanding ownership of equity real estate by pension funds.

The preceding charts represent a four-year history of the major trends of real estate investing by pension funds. During this time period, real estate investments have increased from $2.3 billion to $7.2 billion in our sample group and overall real estate ownership has grown from $9 billion in 1981 to $29 billion currently. The results of our last four surveys show that pension fund investments in real estate will continue to increase and that they have become an important component of pension fund portfolios.

For some years after real estate equity and mortgage products began to be marketed to pension funds, many pension investing officers felt the real estate industry did not really understand their investment requirements. In the view of many, the need for real estate products that conformed to pension fund investment and fidu-

Continued on page 26

The information contained in this survey has been researched, edited and copyrighted by Money Market Directories, Inc., publishers of the Money Market Directory of Pension Funds and Their Investment Managers, *the encyclopedia of pension funds with assets over $1 million and their investment advisors. Included in Money Market Directories' data base is real estate ownership by all major U.S. pension funds. For further information, contact David Bowerman, Vice President, 300 East Market St., Charlottesville, VA 22901, (800) 446-2810.*

ciary requirements was not being met. In the last few years, survey respondents have had a much more positive attitude toward the appropriateness to pension investing of real estate products being offered.

This year's survey repeated the question, "Do you believe the real estate industry has been responsive to the investment requirements of pension sponsors in terms of the real estate products they offer to pension funds?" The answers were:

Yes	70%
No	11%
Did not answer	19%

Typical comments accompanying "yes" responses included: "A variety of options are available to pension funds to use to help diversify assets," "There are very imaginative products in the real estate market," and "Real estate firms have tried to offer vehicles requested by sponsors in response to changes in capital markets." Some who felt the real estate industry has not been responsive gave as their reasons, "The liquidity problem has not been adequately addressed" and "Difficult to make performance comparison."

The survey questionnaire also asked, "Do you believe that the real estate industry has been responsive to the investment requirements of pension sponsors in terms of the real estate financing and mortgage products they offer to pension funds?" This question was answered:

Yes	55%
No	10%
Did not answer	35%

Over half the respondents regarded the real estate industry as having been responsive and offered such comments as, "Products offered satisfy our needs" and "Participating mortgages have been developed as a hybrid to offer attractive features of several investment types." Negative remarks referred to lack of liquidity; one said there is not enough diversity in mortgage and financing products.

General Investing Trends

Do you regard real estate equity investments as being capable of contributing consistently to your fund's performance?

	1980	1981	1982	1983	1984
Yes	77%	83%	79%	73%	74%
No	18	10	17	19	20
Did not answer	5	7	4	8	6

The question was asked, "What do you regard as the minimum acceptable average annual net cash yield (rental income less *all* expenses including debt service) from real estate equity investments?"

The answers, from 181 responses, averaged 9.8 percent. This corresponds to last year's preponderance of answers in the 8 to 10 percent range.

To the question, "What would be your minimum expectation for annual appreciation from real estate equity investments?" there were 144 responses with the answers averaging 7 percent. This was in line with last year's responses, when most respondents' replies to the question were in the 6 to 8 percent range.

The total assets of all pension funds are expected to increase from just over $850 billion today, to over $5 trillion by 1995. What do you estimate the allocation of your pension fund assets will be in the year 1995?

	1982 Survey		1983 Survey		1984 Survey	
	$ in Billions	Percent	$ in Billions	Percent	$ in Billions	Percent
Cash	450	9	350	7	350	7
Equities	2,250	45	2,500	50	2,450	49
Fixed Income	1,100	22	1,300	26	1,350	27
Mortgages	200	4	100	2	100	2
Real Estate Equity	300	6	250	5	200	4
Real Estate Commingled Funds	300	6	250	5	200	4
International Investments	250	5	150	3	150	3
Venture Capital	100	2	100	2	100	2
Others	50	1	50	1	100	2
	$5,000	100	$5,000	100	$5,000	100

Does your fund intend to purchase new real estate investments during the next three years?

	1982		1983		1984	
	Number	Percent	Number	Percent	Number	Percent
Yes — Direct Ownership	50	19	17	7	26	9
Yes — Commingled	110	43	52	21	70	25
No — Direct Ownership	208	81	231	93	253	91
No — Commingled	148	57	196	79	209	75

Continued on page 28

Direct Real Estate Equity Investing

Respondents to the 1984 survey project their planned direct real estate equity investment at $3½ billion over the next three years, up 60 percent over the corresponding amount from last year's survey. Once again, the greater part of the planned investment will be made by public funds. They will account for 93 percent (as compared to last year's 79 percent) of intended investments over the next three years in direct real estate equities. It is interesting to note, too, that the greater concentration on direct real estate participation (62 percent direct vs. 38 percent in commingled investments) continues a trend that was first identified in our 1982 survey.

The following charts detail the current and planned direct real estate equity investments.

Has your fund participated in direct real estate investment utilizing the management expertise of an outside real estate counselor?

	1982	1983	1984
Yes	8%	8%	6%
No	84	91	94
Did not answer	8	1	—

If yes, with what type of an organization?

	1982	1983	1984
Insurance Company	14%	40%	6%
Bank	24	45	33
Investment Banker	10	5	5
Developer	14	20	13
Registered Real Estate Management Firm	48	30	47
Broker or Realtor	—	10	6
Real Estate Consultant	—	25	53
Other	10	5	—

Has your fund participated in real estate development?

	1983	1984
Yes	3%	3%
No	97%	97%

If yes, did your fund develop the property alone or with other organizations?

	1983[1]	1984[2]
Alone	62%	45%
With Others	38%	55%

[1]*Based on 8 responses*

[2]*Based on 9 responses*

If with others, please indicate the type of organization.

	1983[3]	1984[4]
Insurance Company	67%	—
Developer	33%	60%
Registered Real Estate Management Firm	33%	—
Bank	33%	—
Investment Banker	—	—
Broker or Realtor	—	20%
Real Estate Consultant	—	20%
Pension Fund	67%	—

[3]*Based on 3 responses*

[4]*Based on 5 responses*

What do you regard as an acceptable management fee for your fund's participation in direct real estate investment utilizing an outside real estate investment counsel?

	1982[5]	1983[6]	1984[7]
½ of 1% annually of real estate under management	44%	N/A	N/A
¾ of 1% annually of real estate under management	39	20%	24%
1% annually of real estate under management	11	25	41
1¼ annually of real estate under management	6	—	—
1½% annually of real estate under management	—	5	—
2% annually of real estate under management	—	—	—
Fee based on annual income, not property value	N/A	15	35
Other	N/A	20	—
Did not answer	—	15	—

[5]*Based on 18 responses*

[6]*Based on 20 responses*

[7]*Based on 17 responses*

Continued on page 30

The direct ownership of real estate equities is distributed among property types as follows:

Type	Current Ownership[a] Amount (in mil.)	Percent	Planned — Next 3 Years[b] Amt. Purchased (in mil.)	Amt. Developed (in mil.)	Percent
Office Buildings	$1,774	55	$1,088	$ —	31
Hotels	168	5	106	2	3
Apartments	61	2	363	2	10
Industrial	237	7	407	3	12
Small Shopping Centers	29	1	8	—	—
Medium Shopping Centers	253	8	162	1	5
Large Shopping Centers	172	5	878	1	25
Warehouses	82	3	67	—	2
Agriculture Land	—	—	—	—	—
Raw Land	12	—	—	—	—
Other	361	11	151	—	4
Not Specified	51	2	260	—	7
Current Total:	$3,200		$3,490	$ 10	
			Total Additional:	$3,500	

[a] *Response Group composed of 16 corporation funds owning $547 million in real estate; 15 government funds owning $2,653 million in real estate.*

[b] *Response Group composed of 6 corporation funds planning new real estate purchases of $237 million; 16 government funds planning new real estate purchases of $3,239 million; 3 funds plan to purchase real estate but failed to disclose the amount or the types. $261 million of the total $3,500 million was not specified as to type.*

Of the twenty-five funds intending new direct real estate purchases, nine plan to develop property. Four will act alone, five will develop property with others. Of the five who plan to develop property with others, two said they will do so with insurance companies, one with a bank, four with developers, one with a broker or realtor, two with real estate consultants and three with pension funds. Obviously, certain respondents will work with more than one type of organization.

Commingled Real Estate Equity Funds

Compared to direct equity real estate investing, commingled real estate equity funds will continue to play a lesser role in the real estate equity investing intentions of pension funds. Commingled funds represent a little over one-third of the amount planned for real estate investment.

SEC registered real estate advisors will manage nearly half of the new capital directed to commingled funds, with 78 percent of that in closed-end funds. Of the total promised commingled capital which survey respondents specified by open-end vs. closed-end, 65 percent will go to closed-end funds. This continues a trend observed in prior years of a preference for closed-end over open-end, although the results from the 1984 survey were not quite as strongly "pro closed-end" as the responses of the previous year. These trends are all documented in the following charts.

Commingled ownership of real estate is distributed among different type fund sponsors and between open and closed-end funds as follows:

Sponsor	Current Ownership[a] (amount in millions) Open-End	Percent	Closed-End	Percent	Total
Bank Commingled	$ 295	7%	$ 58	1%	$ 353
Insurance Commingled	2,425	60	69	2	2,494
SEC Registered Real Estate Advisor Commingled or Limited Partnership	190	5	998	25	1,188
Totals	$2,910	72	$1,125	28	$4,035

[a] *Response Group composed of: 90 corporation funds owning $3,318 million in commingled; 19 government funds owning $666 million commingled.*

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Planned — Next 3 Years[11]
(amount in millions)

Sponsor	Open-End	Percent	Closed-End	Percent	Total
Bank Commingled	$ 130	6%	$ 14	1%	$ 144
Insurance Commingled	127	6	64	3	$ 191
SEC Registered Real Estate Advisor Commingled or Limited Partnership	218	10	795	38	1,013
Totals	$ 475	22	$ 873	42	$1,348
Not Specified				36	765
Total for response group				78	$2,113

[11]*Response Group composed of: 54 corporation funds planning new commingled purchases of $655 million; 16 government funds planning new commingled purchases of $1.5 billion. One fund did not specify the amount of its planned investment; six funds did not specify the type of their planned investment.*

What do you regard as an acceptable management fee for your fund's participation in institutionally sponsored pool-type real estate vehicles?

	1982[12]	1983[13]	1984[14]
½ of 1% annually of real estate under management	19%	8%	14%
¾ of 1% annually of real estate under management	22	20	10
1% annually of real estate under management	45	54	51
1¼% annually of real estate under management	13	14	21
1½% annually of real estate under management	1	—	4
Did not answer	—	4	—

[12]*Based on 90 responses* [13]*Based on 106 responses* [14]*Based on 108 responses*

Mortgages and Real Estate Financing

Planned investments in mortgage and real estate financing are up again this year as compared to the 1983 survey. (1983 showed an increase over 1982.) It is estimated around $5½ billion will be directed into real estate mortgages and financing during the next year.

Please note that the time frame of the question changed from three years to one year. A one-year time frame is more meaningful for determining investing intentions that involve an interest-rate-sensitive investment.

How do you classify the following investments?

	1984			
	Real Estate	Fixed Income	Other	Did not answer
Mortgages	19%	51%	1%	29%
Equity Participation Mortgages	48%	14%	5%	33%
Income Participation Mortgages	34%	26%	4%	36%
Mortgage Securities	6%	64%	0%	30%
Construction Loans	22%	33%	4%	41%
Sale/Lease Backs	34%	18%	5%	43%

Has your organization participated in real estate financing?

Yes	22%
No	69%
Did not answer	9%

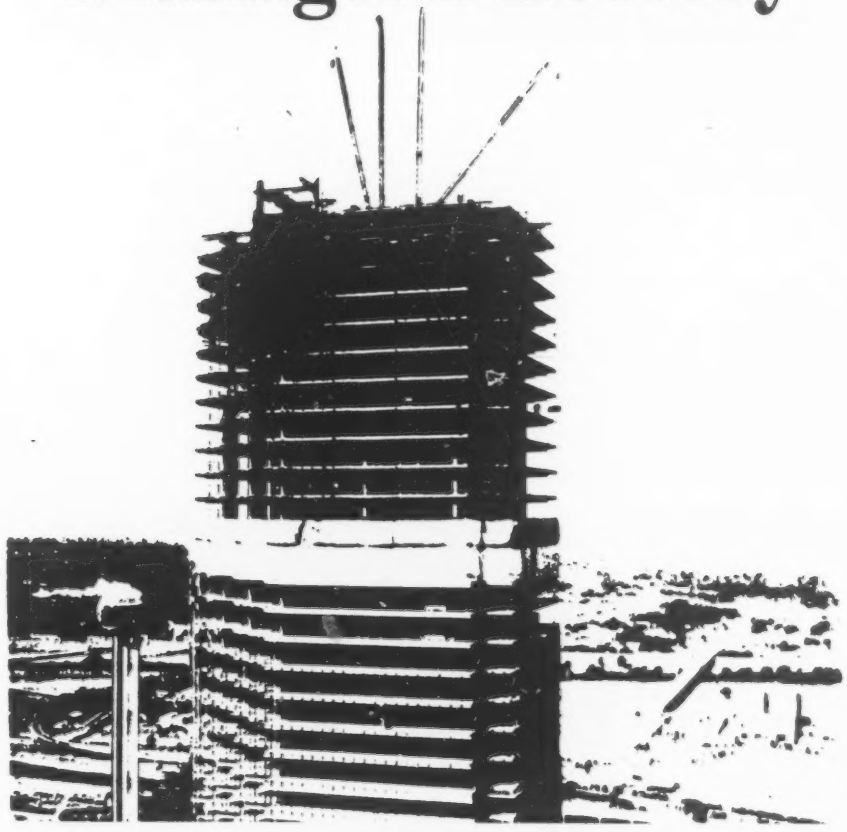
Has your investment committee decided to participate in real estate financing during the next 12 months?

Yes	12%
No	83%
Did not answer	5%

Mortgages and Financing

Current			Planned	
1983	1984		1983	1984
$ 5,142 mil.	$ 7,463	Conventional Mortgages	$ 334 mil.	$ 573 mil.
553 mil.	1,663 mil.	Participation Mortgages	225 mil.	512 mil.
5,317 mil.	8,378 mil.	Mortgage Securities	397 mil.	281 mil.
215 mil.	135 mil.	Construction Loans	25 mil.	—0—
98 mil.	54 mil.	Sale/Lease Backs on Corporate-Owned Property	14 mil.	42 mil.
70 mil.	—0—	Sale/Lease Backs on Non-Corporate-Owned Property	15 mil.	5 mil.
$11,395 mil.	$17,693 mil.		$1,010 mil.	$1,413 mil.

7th Annual Real Estate Portfolio Manager Directory



The following *Pension World* Real Estate Portfolio Manager Directory lists firms that provide real estate portfolio management services for pension funds. Although it is not exhaustive, it identifies the firms responding in full to *Pension World's* questionnaire. Only those firms indicating they currently manage real estate portfolios for pension funds are included.

This year's questionnaire was mailed to 638 firms throughout the U.S. and Canada that provide some form of real estate services. The response rate was 14 percent, with 93 of those firms—including 65 from last year's directory—meeting the criteria.

The firms, complete with address and contact person, are listed in alphabetical order. Each entry includes the respondent's total assets under real estate portfolio management, number of pension fund real estate clients and total pension fund real estate assets under portfolio management. The respondents were asked to give a breakdown of assets into real estate holdings, type of participation offered and its geographical diversification.

The survey also includes each respondent's minimum investment requirement, return on investment and fee requirements.

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
ABACUS REALTY ADVISORS 1 Post Office Sq. Boston, MA 02109	Evan Weston Vice President 617/542-5920	$75	6	$75
AETNA CANADA 145 King St. W. Toronto, Ont. M5H 3TF	James Colbert Manager, Pension Invst. 416/864-8272	$200	10	$80
ACQUEST CAPITAL MANAGEMENT CO. 300 E. Long Lake Rd. Ste. 280 Bloomfield Hills, MI 48013	David G. Ong President 313/645-5130	Approx. $40	4	Approx. $30
ALDRICH, EASTMAN & WALTCH, INC. One Post Office Square Boston, MA 02109	Joseph F. Azrack Principal 617/542-9300	$900	22	$825
AM CAL COMPANY 4737 Lankershim Blvd. North Hollywood, CA 91602	S.O. DellaGrotta Vice President 213/877-0212	$260	7	$260
AMERICAN AGRICULTURAL INVESTMENT MANAGEMENT CO., INC. 2603 W. 22nd St. Ste. 17 Oak Brook, IL 60521	H. Joseph Bourn Executive Vice President 312/654-6616	$20	2	$11
ANGELES INTERNATIONAL ADVISORS, INC. (An Angeles Company) 10301 W. Pico Blvd. Los Angeles, CA 90064	Mark W. Gibello President 213/277-4900	$750	Approx. 2,500	(Approx.) $35
BANK of AMERICA P.O. Box 37026 San Francisco, CA 94137	Jack S. Cooper Vice President and Manager 415/622-1712	$425	200	$152
BANK of BOSTON 100 Federal Street Boston, MA 02110	Peter F. Tague, III First Vice President 617/434-4560	Approx. $250	Approx. 200	Approx. $250
THE BANKERS LIFE 711 High Street Des Moines, IA 50307	Dan J. Fitzgerrell Director-Pension Operations 515/247-6791	$4,972 (general and separate accounts)	118 (real estate separate account)	$3,200 in general account; $16 in real estate separate account
BLOCK & CO. INC. 605 West 47th Street Kansas City, MO 64112	David M. Block Vice President Development & Investment 816/531-1400	N/A	N/A	N/A

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Mortgages — $60 million Land — $15 million	Separate Account	National	$5 million	Not reported	Not reported
Income-producing properties	Aetna maintains 25% interest; 75% is syndicated to pension funds	Major Canadian cities	Variable	Not reported	Asset management fee plus percentage of net operating income.
Income-producing equity real estate; participating or convertible mortgages.	Direct, joint-venture, commingled fund investments	National with Midwest emphasis	$1,000,000 for direct investment	Not available	Negotiated
Income-producing property — 100%	Individual direct investment accounts; commingled fractional interests in real property; participation in common trust shares in the State Street Bank.	National	$5 million for State Street Bank & Trust Company's commingled real estate funds; $20 million per year for separate accounts.	Not reported	A single capitalized transaction fee dependent on deal structure and an annual portfolio management fee of .5 to 1%.
Income-producing properties — $85 million; Mortgages — $175 million	Equity, income, convertible mortgages	National	$500,000	12.5 — 15%	Negotiated
Income-producing property — $20 million	Commingled closed end trust, direct placement.	Midwest, Southwest, Southeast	$500,000	Not reported	Dependent upon type of investment program.
Income-producing property	Limited partnership, group trust, separate account	National	Limited partnership— $5,000 (IRA $2,000) group trust — $500,000	Varies by fund	Varies by fund
Income-producing property — 95% mortgages — 5%	Commingled fund, partnerships, separate accounts	National with emphasis on Sunbelt and West	Commingled fund — $50,000; Separate accounts — $3,000,000	Varies by type of participation	Fee 1% of net assets for commingled fund; other fees vary by participation.
Income-producing commercial and industrial equity properties	Units of pooled fund	National	None	13.5% (5-year)	1% of assets under management.
Income-producing properties — $16 million; mortgages — $3,200	Units in open-end pooled separate account for real estate ownership	National	None	11.3% year ending 3/31/84	.96% annual investment management fee on real estate separate account; contract charge based on customer's total assets with firm.
N/A	Ventures — mortgages; participation — partial ownership	National	$1,000,000 to $20,000,000	99%-16%	Negotiated

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
THE BOSTON COMPANY REAL ESTATE COUNSEL, INC. One Boston Place Boston, MA 02106	Robert A. Radloff President 617/722-7190	$940	8	$780 (6/30/84)
THE CANADA LIFE ASSURANCE COMPANY 330 University Avenue Toronto Ontario M5G 1R8	Taylor Echlin Superintendent of Group Pension Investment Services 416/597-1456	$400	76	$125
CAPITAL CONSULTANTS, INC. 2300 S.W. First Avenue Portland, OR 97201	David L. Nelsen Vice President 503/241-1200	145	27	$134
CHEMICAL BANK - REAL ESTATE ADVISORY 277 Park Ave - 4th Floor New York, NY 10172	Anne G. Shean Vice President 212/310-6165	$60	10	$60
CITIBANK, N.A. 153 East 53rd Street New York, NY 10043	John Kemble Vice President 212/559-1709	$3,500	70	$2,000 (gross); $1,300 (net)
CONNECTICUT GENERAL LIFE INSURANCE COMPANY P.O. Box 2975 Hartford, CT 06104	Stephen H. Matheson Senior Vice President 203/725-2789	$8,000	314 (4/1/84)	$316 (4/1/84)
CONSOLIDATED CAPITAL 1900 Powell St. Suite 1000 Emeryville, CA 94608	Tim Marinec Nat'l Mktg. Dir. 800/227-1870	$2,500	Approx. 2,500	$50
COPLEY REAL ESTATE ADVISORS 535 Boylston Street Boston, MA 02116	John C. Phillips, Jr. Vice President 617/578-4900	$3,000	60 +	$1,200
CORPORATE PROPERTY INVESTORS 305 East 47th Street New York, NY 10017	Warren Hamer Client Contact 212/421-8200	$2,200	30	$2,000
CROCKER REAL ESTATE INVESTMENT GROUP 44 Montgomery Street Suite 2110 San Francisco, CA 94104	N. Anthony Dann Vice President 415/477-8555	$200 (6/30/84)	237 + (6/30/84)	$169 (6/30/84)
DIVERSIFIED HOLDINGS CORPORATION 475 Park Avenue South New York, NY 10048	Peter B. Daenzer Co-Chairman 212/684-7979	$300 +	25	$20

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
100% equity-oriented debt	Private portfolios	48% East; 16% South; 29% West; 7% Midwest	$10 million	not available	Transaction fee plus annual management fee
Income-producing property—100%	Units in the pooled fund may be purchased or sold monthly.	Canada	$10,000	+ 16.4% (1982); + 10.1% (1983)	First $1 million 0.75%; next $1 million 0.36%; next $3 million 0.24%; excess 0.12%.
Real estate equities — $34 million; mortgages — $100 million	Varies, depending on client's objectives	Pacific Northwest	Pooled fund minimum — $50,000; mortgages-$500,000; Direct-$1 million	Real estate equities — 9-10% net; mortgages-currently 13% +	Mortgages — 0.25%-1% depending on portfolio size; Real Estate equities — 1%-1.25%.
Income-producing property — 100%	Units in commingled fund	Midwest — 23%; East — 20%; South — 57%	$400,000	14.52% (1-year, 1983)	1.3% on net real estate assets; 0.2% on uncommitted cash reserves.
Income-producing property — 1.18 billion; land — 13 billion; mortgages — $100 million	Units in open-end fund, separate account, unit in closed end fund.	Southeast	$2 million	11-15% annually	1-1.5%.
Income-producing property — 100%	Open-end; pooled account (SA-R); closed-end real estate fund	National, in smaller cities and outlying major metro areas	SA-R $100,000 for initial and ongoing deposits; closed-end real estate fund 1 — $5 million	SA-R — 14.89% gross of management fees (1983); 3.56% gross of management fees, unannualized (1st qtr. 1984)	SA-R — 1.00% annual management fee on net assets, deducted quarterly; graded contract expense charge.
Mortgages — 50% Income-producing properties — 50%	Units and commingled funds in participating mortgage or real property vehicles	National	$5,000 in program specifically for pension funds	Not available	In limited partnership for pension plans — incentive of 25% of appreciation, acquisition 6%
Income-producing property — 100%	Income-producing property; sales and refinancing proceeds.	National	$100,000 — Commingled funds for pension funds; $2,000 — Individual public offerings	Not reported	1.25% on net real estate assets; 0.25% on short-term investments.
Income-producing property — 100%	Shares	National	$5 million	18.5% annually for 9 years)	Self-managed — no fees.
Income-producing property	Units in open- and closed-end funds, separate account direct investment, limited partnership interests.	National with emphasis on West and Southwest.	Varies by account	Varies by investment type and objective.	Varies. Available upon request.
Income-producing property	Equity, debt or combination	Contiental U.S.	$100,000	Not available	Negotiable.

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
EASTDIL REALTY, INC. 410 West 57th Street New York, NY 10019	Donald E. Conover Vice President 212/397-2763	$700	10	$700
RICHARD ELLIS, INC. 350 Park Avenue New York, NY 10022	Graham J. Bond Senior Vice President 212/355-4810	$631.4	6 (51 pension fund participants in commingled fund)	$605.1
THE EQUITABLE LIFE ASSURANCE SOCIETY OF THE UNITED STATES 1285 Avenue of the Americas New York, NY 10019	Joyce R. Frater Assistant Vice President 212/554-4213	$18,546.7 (12/31/83)	273 (open-end account); 6 (closed-end account); 4 (individual account)	$2,446.6 (commingled open-end fund); $45.5 (commingled closed-end fund); $234.2 (separately managed accounts) (12/31/83)
EQUITEC INSTITUTIONAL REALTY ADVISORS, INC. 7677 Oakport Street Oakland, CA 94614	Don Jackson Vice President 415/430-9900	$750	3	$25
F.I.A. ASSOCIATES, INC. 2045 Hallmark Drive Suite 4 Sacramento, CA 95608	H. James Griggs President 916/920-4051	$675	8	$675
FIRST ASSET REALTY ADVISORS First Bank Place Minneapolis, MN 55480	Charles S. Ingwalson President 612/370-4729	$38	5	$31
FIRST CHICAGO INVESTMENT ADVISORS Three First National Plaza Chicago, IL 60670	J. William Baker Vice President, Real Estate Product Manager 312/732-7641	$734	117	$572
THE FIRST NATIONAL BANK OF ATLANTA TRUST DEPARTMENT P.O. Box 4148 Atlanta, GA 30302	Theodore P. Brackman Vice President 404/588-6817	$145	15	$45
THE FIRST NATIONAL BANK OF FORT WORTH Two Burnett Plaza - 18th Floor 801 Cherry Street Fort Worth, TX 76102	Gerald Hartman, Jr. Vice President & Trust Officer 817/390-6996	$157	90	$45
FIRST WISCONSIN TRUST CO. P.O. Box 2054 Milwaukee, WI 53201	Earl D. Lillydahl Vice President 414/765-4844	$5	30 --	$5

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Income-producing property (offices, 80%; warehouses, 10%; shopping centers, 10%); convertible mortgages.	Closed-end fund; separate accounts for individual clients.	Southwest — 39%; Southeast — 22%; West — 21%; Central — 18%	Closed-end fund, $5 million; individual, $50 million	Not reported	Eastdil Advisers: Varies Eastdil Corporate Partners: 1.25% per year of gross assets; incentive fee at property sale.
Income-producing property — $511 million; forward commitment to acquire property under construction — $94 million.	Direct, separate account	National	$10 million	Not reported	Not reported.
Mortgages — 68%; equity — 32%	Commingled real estate funds; open-end account; closed-end account	South — 33.9%; Central — 17.3%; West — 20.7%; Mid-Atlantic — 9%; Northeast — 19.1%	Commingled funds — $1 million; separate management — $1 million within 3 years	Varies	Varies.
Income-producing property — 100%	Limited partnership	West, Southwest, Midwest	$1 million	19%-40%	½ of 1% Investment Evaluation 1½% annual Asset Management Fee %5 Subordinated Incentive Fee.
Equity — $489; participation and convertible loans — $186	Advisory account; separate account; direct brokerage; closed-end fund	National	$5 million for advisory or separate account; $1 million for closed-end fund	Varies depending on program	Negotiable depending on services required by pension fund.
Income-producing properties — $100%	Pooled funds; separate accounts	National	$500,000 (FAREEF) $25,000 (CREEF — separate accounts negotiable)	20.2% last 12 mos. as of 3/31/84 (FAREEF)	1.25 of net asset value on FAREEF; separate accounts negotiable.
Income-producing property — 100%	Equity oriented funds only	East — 11%; Midwest — 27% West — 33%; South — 29%	$1 million	Varies by account	1.2% of asset value on commingled funds; negotiable on direct ownership accounts.
Timberland; income-producing property; mortgages	Timberland is open-ended, commingled fund; other investments vary	Southeast	$250,000 (In Timberland Fund)	27% since inception; 9% average annual return.	Timberland Fund — 1.2% per year on market value of timberland; 0.25% per year on cash reserve. Fees on other individual investments vary.
Mortgages — 25%; real estate holdings — 75%	Individual ownership, pooled funds, joint ventures	National with emphasis in Texas	Criteria varies by participation	Varies by type of investment	Varies by participation — fee schedule furnished upon request.
Income-producing property — 100%	Open-end fund	Midwest	$25,000	9+ % cash on cash	1.5% real estate equity; −0.25% short term funds.

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
GOLDMAN, SACHS & COMPANY 85 Broad Street New York, NY 10004	Meyer Melnikoff Actuary 212/902-5649	$610	10	$340
GREAT-WEST LIFE ASSURANCE COMPANY 100 Osborne St. North Winnipeg, Manitoba R3C 3A5 Canada	J.M. Ringstrom Vice President Real Estate 204/946-7455	$300	80	$1,000
GROUP ONE INVESTMENTS 77 West Wasnington Street Suite 1005 Chicago, IL 60602	Robert H. Weitzman Finance/Investment Partner 312/346-3434	$100 +	75	$25 +
JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY P.O. Box 111, John Hancock Place Boston, MA 02117	James J. Sullivan, Jr. Field Vice President 617/421-5155	$8,200	82	$837.5 (separate accounts only)
HARRIS TRUST AND SAVINGS BANK 111 West Monroe Chicago, IL 60690	John K. Rutledge V.P. - Mgr. Trust Real Estate Investments 312/461-6346	$11	105	$11
HEITMAN ADVISORY CORPORATION 180 N. LaSalle Street Chicago, IL 60601	David Glickman Executive Vice President 312/855-5700	$1,700	13	$1,400
ICC REALTY ADVISERS INC. 56 East Pine Street. Suite 200 Orlando, FL 32801	Byron W. Giltz Executive Vice President 305/841-6241	$17	25	$28
INTERFIRST BANK DALLAS, N.A. Box 83794 Dallas, TX 75283	Nathan O. Finke Senior Vice President 214/573-4650	$600	76	$325
INVESTORS SECURITIES Box 2426 Winter Park, FL 32790	Alan W. Wilson Vice President 305/647-7886	$45	Approx. 15	$1
JMB INSTITUTIONAL REALTY CORPORATION 875 N. Michigan, Suite 3960 Chicago, IL 60611	John S. Lillard President 312/440-5042	$6,277	64	$726
JONES LANG WOOTTON REALTY ADVISORS 499 Park Avenue New York, NY 10022	John A. Weisz President 212/688-8181	$800	6	$400

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Existing income-producing, commercial property	Commingled and separate accounts investing through direct ownership, partnerships participating and convertible debt	National	$1 million	Varies — approx. 7.9%	1.25% of net assets at market value; decramental fee structure is used for investments over $100 million.
Income producing — $300 million; mortgage — $350 million	Open and closed	U.S. and Canada	$100,000	Varies	Varies.
Income-producing property	Limited partnership interests, joint ventures, fee ownership	National	Flexible	Varies by type of investment	Negotiable.
Equity real estate — 76%; mortgages — 11%	Open to qualified 401(a) and 414(d)	National	$250,000 — open-end; $1 million closed-end.	15.5% — Equity Real Estate Account (12 months ending 3/31/84 — gross)	Varies by account.
Real estate equities — 71%; participating mortgages — 29%	Units in collective fund	Midwest	$100,000	9% plus appreciation (fund established 1983)	0.75% of net real estate asset value plus graduated administrative fee.
Equity or equity-oriented interests — 100%	Separate account; closed-end fund	National	$2 million	Variable	Based on cash invested.
Mortgages	Varies	East	$1 million	Available upon request	Available upon request.
60% office buildings; 10% mortgages; 10% warehouses 20% retail facilities	Open-end fund; closed-end funds; separate account acquisition and management	Southwest	$25,000	15.4 (pooled fund, 1983)	1% of market value per annum.
Income-producing property	Equity or debt (convertible debenture)	Florida	$48,000 (Debenture)	10% interest + 10% conversion = 20%	No load for new investors. No general partner's free position; ½% annual mgt. fee.
Income-producing property — 100%	Equity participation	East — 22.5%; South — 21% Midwest — 22.5%; West — 33% (JMB Group Trusts I and II)	$500,000	Group Trust I — 20.12% (1983) Group Trust II — 19.73% (1983)	A unitary fee will be charged for property acquisition, asset management, sale and other services equal to (I) 1.25% annually on all real estate assets at fair market value and (II) 3.75% of gross revenues derived from any single property (which may be reallowed to a joint venture manager).
Income-producing property	Separate accounts	National	$100 million over two to three years	Not reported	Varies with each account according to services provided.

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
KARSTEN INSTITUTIONAL REALTY ADVISORS 10960 Wilshire Blvd. Los Angeles, CA 90024	John Lundsten President 213/477-9561	$330	10	$310 + $1.2 billion as advisor to one pension fund client.
LANDAUER ADVISORS, INC. 335 Madison Avenue New York, NY 10017	David Hodes Vice President 212/687-2323	$660	8	$610
THE LANDSING CORPORATION 300 El Camino Real Menlo Park, CA 94025	Ronald D. Roberts Vice President 415/321-7100	$600	7,000	$300
LANDVEST INC. 14 Kilby Street Boston, MA 02109	John Coburn Jr. Vice President 617/723-1800	$30	3	$8
LASALLE ADVISORS INCORPORATED 11 South LaSalle Street Chicago, IL 60614	Stanislaw Maliszewski Vice President 312/782-5800	$1,670	31	$950
LEHNDORFF & BABSON REAL ESTATE COUNSEL, INC. One Boston Place Boston, MA 02108	Robert M. Angland Executive Vice President 617/723-7540	$1,500	13	$257
LOEB PARTNERS REALTY 521 Fifth Ave New York, NY 10175	Gary L. Naughton Vice President 212/883-0371	$650 under direct or supervisory management	2	50 under supervisory management
MAIER & SIEBEL, INC. 80 E. Sir Francis Drake Blvd. Larkspur, CA 94939	Peter K. Maier President	$125	N/A	N/A
MARCIL TRUST COMPANY 55 Avenue Road Suite 2900 Toronto, Ontario M5R 3L2 Canada	John Donald Chairman 416/922-1830	$1,100	21	$690
MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY 1295 State Street Springfield, MA 01111	Peter J. Vogian, CLU Vice President 413/788-8411	$3,000 (including General Account and REIT portfolios)	40	$43.3
JOHN MCMAHAN ASSOCIATES 201 California Street San Francisco, CA 94111	J. Raymond Walker Vice President 415/433-7770	$260	6	$47

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Income-producing property; equity or equity-hybrid interests.	Direct investment or commingled funds	National with emphasis on South and West	$1 million in commingled funds; $25 million in separate account	16.1% — consolidated separate accounts (1983)	Varies.
Income-producing property, including office buildings, retail centers, and light industrial properties in planned master parks	Ownership through direct investment or participation in closed-end trusts	National	Closed-end trust — $5 million; individual accounts — $50 million during first 2 years	Varies; for individual accounts — 10 yr. average annual return of 21%	Closed-end trusts — 1.25% of contributed assets 1-5 years, 1% of net asset value 6-10 years; individual accounts — fees vary depending on size of commitment, services rendered, etc.
Income-producing property including garden apartment communities, shopping centers, office and industrial	Units in closed-end equity trusts, participating debt, and fee ownership (joint ventures)	West and Southwest	$5,000	Approx. 15-20%	Negotiated
Undeveloped land — 100%	Direct ownership	Primarily Northeast	$500,000	5-7% above inflation	Between $1-$2.00 per acre per annum.
Income-producing property 100%	Units in closed-end funds	National	$5 million	Not available	Not available.
Income-producing property — 100%	Units of commingled trust; direct separate accounts	National	$1 million	21.6% on completed transactions (1971-1983)	1.25% of commingled real estate fund assets; direct investment management fees negotiable
Income-producing property — 100%	Individual investment accounts	National	$2 million	Varies	A percentage of real estate assets based on asset size and type of investment
Income-producing property — 100%	Direct ownership	West	$1-3 million	12.4%	2% acquisition fee; 0.5% management fee; 1% sales fee
Mortgages — 80%; real estate — 15% joint ventures — 5%;	Not reported	Canada	$1 million	Market related	Deal related.
Income-producing property — 100%	Open-end commingled	East — 20%; South — 37%; Midwest — 16%; West — 27%	$100,000	8.3% (1983)	1% of market value on an annual basis.
Income-producing property — $26 million; convertible mortgages — $21 million	Commingled fund and separate accounts.	West, Southwest	$2 million commingled fund; $30 million separate account	5-7% real return	Commingled fund — 1.2%; Separate Account — 2% acquisition and disposition; 0.5% annual portfolio fee.

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
MERCANTILE REALTY SERVICES P.O. Box 225415 Dallas, TX 75265	C. Ronald Capps Senior Vice President 214/698-4561	$18	10	$14
MERCANTILE TRUST COMPANY N.A. P.O. Box Drawer 387 St. Louis, MO 63166	Arthur C. Jones Vice President 314/425-2735	$56.6 ($44.2 real estate assets and profit sharing)	15	$56.6 ($44.2 real estate assets)
METROPOLITAN LIFE INSURANCE COMPANY One Madison Avenue New York, N.Y. 10010	John Emmanuel Assistant Vice-President 212/578-7447	$16,000	33	$327 (6/30/84)
HENRY S. MILLER MANAGEMENT CORP. 30th Floor, 2001 Bryan Tower Dallas, TX 75201	Mr. Cary Coker Vice President 214/748-9171	$750	2	$13
J.P. MORGAN INVESTMENT MANAGEMENT, INC. 9 West 57 Street New York, NY 10019	Timothy J. Heise Vice President 212/826-7330	$1,170	158	$803
MORGUARD INVESTMENTS LIMITED 1027 Yonge Street Toronto Ontario M4W 3E8 Canada	W.A. Houghton Sr. Vice President Investments 416/967-0880	$1,300	150 +	$4,000 (including mortgages)
MORGUARD REALTY ADVISORS 910 Fifth Avenue Seattle, WA 98004	Chandler H. Everett Vice President Marketing 206/623-1650	$56	8	$56
MUTUAL OF NEW YORK (MONY) 1740 Broadway New York, NY 10019	Wayne R. Dominguez Sales Director-Equity Real Estate 212/708-2608	$3,000	41	$32.5
NATIONAL LIFE OF VERMONT National Life Drive Montpelier, VT 05604	David A. Shaw National Marketing Director-National Pension Properties 802/229-3656	$634 (12/31/83)	2	$20 (12/31/83)

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Income-producing property — 64%; participating mortgage — 36%	Purchase of units — open at end of each quarter.	Southwest	$100,000	13.2% (1st qtr. 1984 annualized) 15% (1984 objective)	1% per year charged to the fund.
Convertible participating mortgages — $13.7 million; equity purchases income-producing properties — $27.3 million; leveraged equity purchases, income-producing property — $3.2 million.	Qualified employee benefit plans may purchase units at any monthly valuation date.	National	Investors may purchase as little as 1 unit (valued @ $1496.70 as of 5/31/84.) The property purchase targets are $3-$5 million.	11.48% (1983)	1% of the market value of real estate assets, 0.75% of 1% of the market value of short-term investments.
Non-joint venture — 42%; joint venture — 27%; long-term mortgages — 18% cash and short-term — 13%	100% equity ownership; joint venture partnerships	National	$100,000 for Separate Account RE and Tower Fund; $1 million for Closed-End series	Varies with fund	Management fee based on value of net assets.
Income-producing property — 98%; mortgages — 1%; land 1%	Outright purchase joint venture; limited partnership	Texas and four surrounding states	$5,000	8% and upwards	Negotiated — depends on type property and several other factors.
Income-producing property — 84%; investments in REITS — 2%; share holdings in RE Companies — 12%; fixed income securities (mortgages) — 2%	Commingled fund, separate accounts	East — 43%; South — 28%; Midwest — 19%; West — 10%	$5 million — commingled fund	13.5% — RE Fund (1983)	On gross asset value — 1% first $75 million; 0.8% next $75 million; 0.6% next $100 million and 0.5% thereafter.
Income-producing property — 32%; mortgages — 65%; property held for development — 3%	Direct participation in property assets through participating debentures	Major Canadian cities	$1 million in property division	Annualized cumulative return of 16.5% on Morguard Property Index	Depends on extent of services performed; available on request.
Income-producing property — 50%; developmental property — 50%	Equity	West	$1 million	Varies	1.2% first year, 1% each succeeding year, other negotiated fees.
100% income producing properties	Units in open-end account	National	$100,000	6.90% (second quarter 1984)	1% per year on gross assets plus asset charge.
Equity-$13 million; mortgages-$7 million	Closed-end equity real estate separate account (Group Annuity Contract)	Sunbelt	NPP-II — $2 million; $20 million for separate management	NPP-1 — 16.3% (1983)	NPP-II — 1.2% per year deducted quarterly on gross real estate assets at market value, .25% per year deducted quarterly on cash and short term investments.

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
NEW ENGLAND MUTUAL LIFE INSURANCE CO. 8 New England Executive Park Burlington, MA 01803	Charles J. Golden, Jr. Assistant Vice President 617/578-5468	$2,935	65	$75 +
NEW YORK LIFE INSURANCE COMPANY 51 Madison Avenue RM 904 New York, NY 10010	Thomas J. Connolly Real Estate Vice President 212/576-7437	$32	14	$32
NORTH CAROLINA NATIONAL BANK One NCNB Plaza Charlotte, N.C. 28255	Robert L. Reynolds Vice President	$310	300	$310
PACIFIC MUTUAL REALTY 700 Newport Center Drive Newport Beach, CA 92660	Pete Hammer Managing Director 714/640-3000	$300	5	$80
PACIFIC REALTY ADVISORS 44 Montgomery Street, Ste. 4230 San Francisco, CA 94104	James O. Goldsmith President 415/392-3665	Approx. $100	2	$28
VICTOR PALMIERI AND CO., INC. 2021 K Street, NW, Ste 700 Washington, DC 20006	John A. Koskinen President 202/223-8690	$910	5	$710
THE PECKHAM BOSTON COMPANY Four Longfellow Place Suite 3305 Boston, MA 02114	John M. Peckham III President 617/523-4440	$30	4	$30
PENREAL ADVISORS, LTD. 1100 Melville Street Suite 500 Vancouver, British Columbia Canada V6E 4A6	Garth Carefoot Vice President-Finance 604/685-8351	$61	30	$61
PSFS (THE PHILADELPHIA SAVINGS FUND SOCIETY) 1234 Market Street Philadelphia, PA 19107	Edward W. Schmid Jr. Vice President 215/636-6603	$400	1	$400
PHOENIX MUTUAL LIFE INSURANCE COMPANY One American Row Hartford, CT 06115	H. Russell Irving Second Vice President 203/275-5567	$1000 (50 million in pooled accounts)	47	$50
PROPERTY CAPITAL ADVISORS, INC. 200 Clarendon Street Boston, MA 02116	John A. Cervieri, Jr. President 617/536-8600	$220	Approx. 25	Approx. $150 +

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Income-producing property	Development property account equity ownership; joint ventures in equity real estate	National	$100,000	20.6% (12 months ending 6/30/84)	1.25% of net real estate assets plus .25% of cash reserves plus $2000 first year, $1000 subsequent years.
General purpose commercial real estate	100% ownership	National	$100,000	3.15% (3 mos., 1984)	1% annually on net asset value plus administrative fee
Income-producing property — 60%; development — 30%; land — 10%	Open-NCNB Real Estate Fund; Closed-NCNB Southern Property Fund I; 4 separate accounts	Southeast	$100 million — open-end; 3 million — closed-end; $25 million separate account	17.2%	1.2% open; 1% closed; 1.2% separate
Income-producing property — 100%	Closed-end fund — beneficial interest in group trust; individually managed portfolios — direct equity investments	West, Southwest, other selected growth areas	$1 million — closed-end funds; $20 million — individually managed portfolios	6% — 8% (real return objective)	Varies
Shared-appreciation mortgages for office and retail properties	Closed-end group trust, equity participation	West Coast	$2 million	Available on request	1.27% of net value of properties
Income-producing property — $170 million; mortgages — $490 million; undeveloped land — $50 million	Interests in closed end funds	U.S. and Canada	$1 million	Preferred cash returns of 8 — 10%	1% of assets managed
Income-producing property — 100%	Direct	Continental U.S.	$2,000,000	Varies, depending on risk	Varies/Negiotiable
100% income-producing property	Pooled ownership through tax-exempt vehicle (2 funds)	Major Canadian urban centers	$100,000	10.1% annual	Acquisition fee and portfolio management fee ½% annually.
Income-producing property — 55%; residential properties — 45%	Participating and fixed rate mortgages	National for income property loans, Pennsylvania for residential mortgages	$1 million	Varies	Negotiable
Income-producing property	Units	National	$50,000	14%-15%	1%, graded down on deposits over $1 million.
Income-producing property including office buildings, shopping centers, industrial and residential	Equity investments in major properties structured either through limited partnerships or share ownership in Property Capital Trust.	National	$1 million	10-11% initial returns & participations	Incentive fee based upon net cash flow from the investment.

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
PRUDENTIAL INSURANCE COMPANY OF AMERICA 19 Prudential Plaza Newark, NJ 07101	James H. Gately Vice President 201/877-3735	$22,600 (3/31/84)	385 (3/31/84)	$6,300 (3/31/84)
REPUBLICBANK DALLAS P.O. Box 241 Dallas, TX 75221	David J. Pittman, Sr. V.P. 214/922-6506 Neal J. Howe, Asst. V.P. 214/922-6780	$270	23	$50
RHODE ISLAND HOSPITAL TRUST NATIONAL BANK 1 Hospital Trust Plaza Providence, RI 02903	Dan A. Woolley Vice President/Director of Real Estate Investment 401/278-7606	$8.5	15	$8.5
ROSEN ASSOCIATES 333 Jericho Turnpike Jericho, NY 11753	Robert A. Rosen President 516/822-5350	$250 +	Not reported	Not reported
THE RREEF FUNDS 650 California Street 18th Floor San Francisco, CA 94108	Paul Sack Principal 415/781-3300	$2,500 (includes funds subscribed and firmly committed but not yet invested in real estate)	70	$2,500 (includes funds subscribed and firmly committed but not yet invested in real estate)
SCHRODER REAL ESTATE One State Street New York, NY 10004	Charles Grossman President 212/269-6500	$800	65	$550
SCUDDER REALTY ADVISORS, INC. 333 So. Hope St. 37th Floor Los Angeles, CA 90071	Christopher B. Davis Vice President 213/628-1144	$350	15	$350
SEATTLE FIRST NATIONAL BANK P.O. Box 3586 Seattle, WA 98124	Melvin I. Brady Assistant Vice President & Sr. Real Estate Investment Officer 206/583-7343	$226	54	$33
SECURITY CAPITAL REAL ESTATE CORPORATION 1345 Avenue of the Americas New York, NY 10105	Lewis W. Kresch First Vice President 212/399-6505	$650	125	$450
THE STANDARD LIFE ASSURANCE COMPANY 1245 Sherbrooke Street West Montreal, Quebec H3G 1G3 Canada	Mr. E.G. Burrows Vice President, Property Investment 514/284-6852	$440	120	$35

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
PRISA and PRISA II — income-producing properties; PRIMOR and MORISA — mortgages; PRACE I — closed-end fund, income-producing properties.	Units in open-end and closed-end accounts — PRISA, PRISA II, PRIMOR, MORISA, PRACE-I and PRACE—II	All accounts diversified nationally.	Varies with fund	Varies with fund	Annual fee plus supplemental fee on real property and mortgage accounts.
Income-producing property; convertible mortgage	Units or direct investment properties in open-end commingled fund.	South, Southwest	No minimum for existing clients, $1,000,000 for new clients.	13% average annual return over 3 years	1% property acquisition and 1% management fee (annually)
Income-producing property — 100%	Not reported	Northeast, Midwest	$10,000	11.6% (last 12 months)	1.125% of net real estate assets annually
Income-producing property	Equity or debt	National	$100,000	Varies	Negotiable on a custom basis
Income-producing property — properties invested in real estate — $1,557,000,000 (3/31/84) — funds subscribed and committed but not yet invested in real estate — $943,000,000	Series of closed-end commingled real estate funds	Most major metropolitan areas	West and America series — $1 million USA series — $15 million	N/A	% of assets under management paid on a monthly basis
Income-producing property — 100%	Participation in commingled fund or direct investment program.	National	Flexible	15% +	Flexible
Unleveraged equities — 10% non-participating debt — 45% equity-oriented debt — 45%	Income and appreciation	National with emphasis on West, and especially California	$2,000,000	Individual transactions require different yields.	Fee structures individually designed for each client.
Income-producing property	Open to qualified Employee Benefit Plans, including Employee choice plans.	Northwest (Washington, Oregon, California)	$20,000.00	11.4%	1% per year charge monthly on the gross asset value of the fund.
Income-producing property — 100%	Units in commingled open-ended fund	West — 14%; South — 33%; East — 20%; Midwest — 33%	$250,000	19.1% — 5-year; 13.5% — 1-year	Annual management fee — paid to the manager by the fund (1-11% of contributed capital), or performance fee: 25% of any cash distribution after the investor has received a cumulative annual cash return of 9%
Income-producing property only	Units in pooled real estate fund or undivided share in property.	Canada only	N/A	Varies	Depends on size of fund managed

Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
STATE STREET BANK AND TRUST COMPANY 225 Franklin Street Boston, MA 02101	Thomas P. Hogan Vice President 617/654-3222	$52.4 (Fund I assets) $60 (Committed for Fund II) (closing 5/31/84)	10	$60 committed for Fund II (closing 5/31/84) $52.4 (Fund I assets)
SUHRCO REAL ESTATE ADVISORS, INC. 10604 NE 38th Pl Ste 228 Kirkland, WA 98033-7996	Edwin C. Suhrbier President 206/828-4464	$25 (separate account) $50 (closed end group trust pooled fund)	1 plus trust	$25
SUN LIFE ASSURANCE COMPANY OF CANADA 200 University Avenue Toronto Ontario M5H 3C7 Canada	Murray McBride Assistant Vice President Pensions 416/595-7808	$207	82	$207
TCW REALTY ADVISORS 400 South Hope Street Suite 600 Los Angeles, CA 90071-2899	Bruce L. Ludwig Senior Partner 213/683-4200	$200	45	$200
THIRD NATIONAL BANK Financial Services Division 201 Fourth Avenue, North Nashville, TN 37244	R. Stephen Iler or Robert Power Investment Manager, Real Estate 615/748-5132	$96	84	$18

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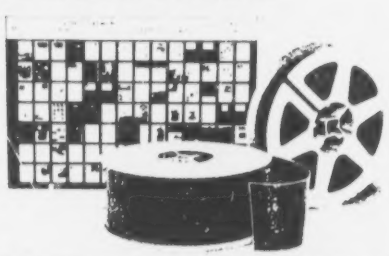

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Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Income-producing property — 36%; mortgages — 64%	Units of closed-end commingled pooled funds, for pension assets only	Florida, Texas, Hawaii, Calilfornia, Pennsylvania	$5 million	11.32% (1983) 14.31% (1st qtr. 1984)	.75% on real estate investments; .15% on short-term investments
Income-producing property — shopping centers, residential apartment, suburban office, light industrial	Pooled fund, group trust, separately managed account, direct accounts	Northwest, West Coast	$100,000 (2 units $50,000)	Varies	1.2% group trust — closed-end fund .5%-1.75% separate accounts depending on size
Income-producing property — $160 million; mortgages — $147 million	Units in open pooled fund	Canada	250,000	11.6% (1983); 10.8% (1982)	.6% first $2 million, .45% next $3 million, .3% next $5 million, .2% next $15 million, .1% excess, plus real estate servicing fee of .75%
Income-producing property $200 million	Closed-end funds; separate account	National	$20 million — separate account $1, million — closed-end fund	Not available	1.2 invested capital plus 10% after cumulative return of 10% annually. Investments valued at cost, not appraisal.
Income-producing property — equity and convertible mortgages	Units in fund and direct ownership	Primary emphasis in Southeast U.S.	$60,000	Varies with account (fund targets 15% IRR)	1% of market value

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Name and address	Person to contact, phone	Total assets under real estate portfolio management (millions)	Number of pension fund real estate clients	Total pension fund real estate assets under portfolio management (millions)
THE TRAVELERS One Tower Square Hartford, CT 06115	Thomas E. Keating Vice President 203/277-7777	$10,021 (3-31-84)	177	$5,471.8 (3-31-84)
UNITED VIRGINIA BANK P.O. Box 26665 Richmond, VA 23261	Lucy B. Lewis New Business Officer 804/782-7405	$20	131	$20
WACHOVIA BANK & TRUST COMPANY, N.A. Post Office Box 3099 Winston-Salem, NC 27102	Nicholas L. Verano III Vice President 919/748-5906	$865	300	$565
WELLS FARGO REALTY ADVISORS 600 Montgomery Street, 29th Floor San Francisco, CA 94111	J. Michael Johnson Vice President, Director of Marketing 415/396-5232	$1,735	145	$190
WESTMINSTER COMPANY Box 13197 Greensboro, NC 27405	Charles S. Wilkins, Jr. Vice President - Property Management 919/275-0972	$150	2	$3

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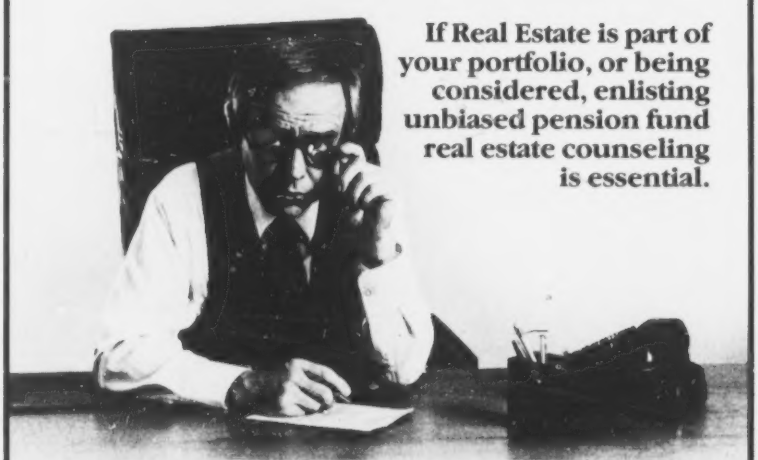

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Pension Fund Inquiries Currently Being Accepted

CHICAGO
Contact Tom Steel or Pat Martin
115 S. LaSalle St., Chicago, IL 60603
(312) 346-9172

BOSTON
Contact Evan Weston
One Post Office Sq., Suite 3510, Boston, MA 02109
(617) 542-5920

DIVIDENDS EACH YEAR SINCE 1912

The Board of Directors of ENSERCH Corporation on July 26, 1984, declared a regular quarterly dividend of 40 cents per share of common stock, payable September 4, 1984, to shareholders of record August 17, 1984.

For additional information, please write to Benjamin A. Brown, Vice President, Financial Relations, Dept. G, ENSERCH Center, Box 999, Dallas, Texas 75221.

ENSERCH
CORPORATION

Breakdown of assets into real estate holdings	Participation offered	Geographical diversification	Minimum investment	Return on investment (net of fee)	Fee
Income-producing property; $621.6 million (3-31-84); mortgages — $4,850.2 million (3-31-84)	Open- and closed-end fund, individual accounts.	National	$100,000 SA-R, $1 million SA-T	SA-R (Equity) — 11.77%; SA-R (Balanced) — 11.34%; SA-R (Debt) 11.06%	Separate Account "R" — 1% flat, all inclusive fee, Separate Account "T"-1.25% flat, all inclusive fee.
Income producing property — 10 million; marketable real estate investments — $6 million; temporary cash equivalent — $9.5 million	Units of $1262.86; open-ended	Southeast	$1262.86 (1 unit)	12.2% (12/31/83)	1% per year of real estate held by fund; .375% of cash
Rental property — 49%; joint ventures — 16%; developable land — 35%	Participation in the pooled fund or individually managed portfolio	South — 12%; West — 54%; Midwest — 34%	$100,000	8.5% (1983)	1.125% on real estate assets, .25% on cash equivalents
Income-producing office, industrial, and retail properties through direct ownership positions or equity-oriented mortgages	Commingled funds (both open-and closed-end) and client specific separately managed portfolios.	West and Sun Belt	$1,000,000	6% to 10% real returns dependent upon risk.	1.00% to 1.25% of net assets
Income-producing property — 100%	Outright sale, pre-sale, joint venture, mortgages	North and South Carolina, Las Vegas	N/A	9% to 11% first year	3% — 4% depending on management requirements and size of property

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PCA Phoenix Associates	30,000,000
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August 17, 1984

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